

Income, Poverty and Health Insurance in the United States: 2003 - Briefing

Dr. Daniel H. Weinberg, Housing and Household Economic Statistics Press Briefing on 2003 Income and Poverty Estimates from the Current Population Survey, August 26, 2004

Good morning. Present with me today are a number of analysts and others who worked hard on this report; they will be available to answer your questions after the briefing. I'd also like to thank all the people who work so hard to collect these data - the Field Representatives such as those in Florida affected by the recent hurricane and the telephone interviewers. I also want particularly to thank the households who answered our survey questions.

Let me first summarize the [main findings about income and poverty from the Current Population Survey report](#). [JPG - 77k]

- Real median household money income did not change from 2002 to 2003.¹
- The overall Gini index of income inequality showed no change in 2003 from the year before. On the other hand, the share of aggregate income received by the lowest 20 percent of households had a slight reduction - from 3.5 percent to 3.4 percent.
- The ratio of female-to-male earnings in 2003 for full-time, year-round workers was 76 percent, a decline from 77 percent in 2002, because of a decline in the earnings of female year-round full-time workers.
- [The official poverty rate rose, from 12.1 percent in 2002 to 12.5 percent in 2003](#) [JPG - 51k]. The number in poverty increased also, by 1.3 million people, to 35.9 million in 2003.²
- The poverty rates for people 18 to 64 and those 65 and older remained unchanged, but the poverty rate for children rose from 16.7 percent in 2002 to 17.6 percent in 2003.

Now let me give you some of the details.

[Chart 3 provides an historical perspective on median household income](#) [JPG - 50k]. As I noted earlier, 2003 median money income for all households was unchanged from the year before, at about \$43,300. This finding of no change follows two years of decline that reflected the effect of the recession that began in March 2001 and ended in November 2001. Overall, real median household money income is up 30 percent since 1967, the first year median household money income was computed.

The number in poverty in 2003 - 35.9 million people - was 1.3 million more than in 2002. As Chart 4 shows, [this increase led to a poverty rate in 2003 that, at 12.5 percent, is 1.2 percentage points higher than its recent low point of 11.3 percent in 2000](#) [JPG - 51k].

[Chart 5 presents the changes in real median household income by race and Hispanic origin between 2002 and 2003](#) [JPG - 73k].³ Median household money income did not change for non-Hispanic White households, for Black households, or for Asian households. However, income fell for Hispanic households by 2.6 percent. In the report, we have estimates for American

Indians and Alaska Natives based on multi-year averages. By comparing 2-year moving averages, we can say that median household income increased between 2001 and 2003 by 4.0 percent for people who reported American Indian or Alaska Native regardless of whether they reported any other race, but there was no change for those who reported only American Indian or Alaska Native.

[Chart 6 shows poverty rates by race and Hispanic origin](#) [JPG - 65k]. The only group to show an increase in its poverty rate was Asians, at 11.8 percent in 2003, up from about 10 percent in 2002. Poverty rates did not change for non-Hispanic Whites, for Blacks, for Hispanics, or, using 2-year moving averages, for American Indians and Alaska Natives.

[Chart 7 shows that median household income declined from the year before in only one region, the South, where it fell 1.5 percent](#) [JPG - 55k]. The South continues to have the lowest median household income of all four regions. In contrast, no region had a change in its poverty rate between 2002 and 2003. The South continues to have the highest poverty rate among regions.

As shown in Chart 8, [child poverty stood at 17.6 percent in 2003, up from the 2002 level of 16.7 percent, but lower than its most recent peak of 22.7 percent in 1993](#) [JPG - 61k]. The poverty rate for those 18 to 64 and those 65 and older did not change from 2002, at 10.8 percent and 10.2 percent, respectively. This increase in child poverty is likely related to the increase in poverty for single-parent families - their poverty rates rose by 1.4 percentage points while the rate for married-couple families did not change.⁴

Income inequality can be measured in a number of ways. [According to the most widely used measure, the Gini index, household money income inequality did not change from 2002 to 2003](#) [JPG - 62k]. Other measures do showed an increase in inequality. One such measure involves the income levels delineating each 20 percent of households. The income level separating the lowest 20 percent of households from the second 20 percent decreased by 1.9 percent, to about \$18,000, while the level separating the fourth 20 percent from the highest 20 percent increased, by 1.1 percent, to about \$86,900. A third measure involves the share of aggregate income that each 20 percent of households received. The share of income received by the lowest 20 percent of households declined from 3.5 percent to 3.4 percent, while the shares of the other groups did not change.

Earnings are by far the largest component of income. The level of real median earnings for men who worked full time, all year, was unchanged from 2002 to 2003. The earnings of comparable women decreased 0.6 percent in 2003 from the year before, the first such annual decline since 1995. As shown in Chart 10, [the ratio of female-to-male earnings for full-time year-round workers was 76 percent in 2003, down from 77 percent in 2002](#) [JPG - 75k].

[Based on a comparison of two-year moving averages for states, real median household income rose for four states and decreased for ten](#) [JPG - 70k]. Also using a comparison of two-year moving averages, the poverty rate rose in seven states and fell in two. One state had an increase in income and a decline in poverty - North Dakota - while three states had both a decrease in income and an increase in poverty - Illinois, North Carolina, and Texas.

Individuals also derive economic well-being from noncash benefits such as food stamps and employer contributions to health insurance, and have reductions in disposable income from taxes. The Census Bureau computes a number of alternative measures of income and poverty that attempt to account for those factors, but we were unable to prepare those alternative estimates for today's release. We plan to make them available later this year, along with an update to last year's report, *Supplemental Measures of Material Well-Being*.

I will be returning shortly to discuss the findings on health insurance coverage, but first let me introduce Jay Waite, Associate Director for Decennial Census, who will discuss some American Community Survey findings about income and poverty.

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[Let me first summarize the main findings about health insurance coverage from the Current Population Survey report](#) [JPG - 78k].

- The number of people with health insurance coverage rose by 1.0 million from 2002 to 2003.
- The number of people without health insurance coverage rose by 1.4 million over that same period.
- The net result was that 15.6 percent of the population, or 45.0 million people, were without health insurance coverage in 2003, up from 15.2 percent in 2002.
- The proportion of children not covered by health insurance did not change, remaining at 11.4 percent of all children.

[Chart 28 shows that the historical record is marked by a 12-year period from 1987 to 1998 when the uninsured rate either increased or was unchanged from one year to the next](#) [JPG - 59k].

After peaking at 16.3 percent in 1998, the rate dropped for 2 years in a row to 14.2 percent in 2000, before the latest period of annual increases, culminating in a rate of 15.6 percent for 2003.

The decline in coverage rates is mostly explained by the decline in coverage from employment-based plans, partially offset by increases in government coverage. As shown in Chart 29, [employment-based health insurance coverage fell 0.9 percentage points between 2002 and 2003](#) [JPG - 61k], while Medicare coverage increased 0.2 percentage points and Medicaid and State Children's Health Insurance Program coverage increased 0.7 percentage points.

The uninsured rate did not change for Blacks and Asians from the year before; however, [the percent of non-Hispanic Whites without health insurance coverage increased by 0.4 percentage points to 11.1 percent](#) [JPG - 64k]². Hispanics have the highest rate of people without health insurance in 2003 of any group distinguished by race or Hispanic origin, 32.7 percent - unchanged from 2002.

[The percentage of children without health insurance did not change from 2002 to 2003](#) [JPG - 64k] because a decline in the coverage of children by employment-based plans was offset by an increase in their coverage by Medicaid and the State Children's Health Insurance Program.

[Children in poverty were more likely to be uninsured than all children in 2003 - 19.2 percent compared with 11.4 percent](#) [JPG - 55k]. Children 12 to 17 years were more likely to be uninsured than those under 12 - 12.7 percent compared with 10.6 percent. Hispanic children, at 21.0 percent, were more likely to be uninsured than non-Hispanic White, Black, or Asian children⁶.

After some closing remarks by LaVerne Collins, we will be pleased to take your questions.

Footnotes:

1. All historical income data are expressed in 2003 dollars and were adjusted using the Consumer Price Index Research Series, which measured inflation at 2.3 percent between 2002 and 2003.
2. In 2003, the average poverty threshold for a family of four was \$18,810; for a family of three, \$14,680.
3. The report uses the characteristics of the householder to describe the household. The Census Bureau uses non-Hispanic Whites who select only White as their race as the comparison group for other race and Hispanic groups. Unless otherwise noted, statements made about race groups are correct whether the householder or individual has reported a single race, or whether they also reported another race.
4. The poverty rate for all families in 2003 was 10.0 percent. The poverty rates in 2003 for married-couple families, female-householder families with no spouse present, and male-householder families with no spouse present, were 5.4 percent, 28.0 percent, and 13.5 percent, respectively.
5. The Census Bureau uses non-Hispanic Whites who select only White as their race as the comparison group for other race and Hispanic groups. Unless otherwise noted, statements made about race groups are correct whether the householder or individual has reported a single race, or whether they also reported another race.
6. The single-race uninsured rates for non-Hispanic White, Black, and Asian children were 7.4 percent, 14.5 percent, and 12.4 percent, respectively. The uninsured rates of Black children and Asian children were not different in 2003.